

THE RHODE ISLAND CONVENTION CENTER AUTHORITY FINANCE COMMITTEE MEETING

March 29, 2016

A meeting of the Finance Committee of the Rhode Island Convention Center Authority (hereinafter referred to as "Authority", the "CCA" or the "Board") was held on March 29, 2016, pursuant to notice, at the Rhode Island Convention Center, One LaSalle Square, Providence, Rhode Island.

Board members present were Bernie Buonanno, Jeff Hirsh, Stan Israel, Jeff Hirsh and Paul MacDonald.

Also present were James P. McCarvill, Executive Director and Donald Nadeau, Rhode Island Convention Center Authority; Larry Lepore, Pam Bacon and Sue Lataille, Rhode Island Convention Center and Dunkin' Donuts Center; Dan Schwartz the VETS and Bruce Leach, Legal Counsel and Eileen Smith, Recording Secretary.

Mr. Hirsh called the meeting to order at 10:10 AM. Mr. Hirsh asked for approval of minutes of the last meeting. Upon a motion duly made by Mr. Buonanno and seconded by Mr. Israel it was unanimously

VOTED: to approve the minutes of the February meeting.

Mr. McCarvill announced that we have had conversations with the State Bureau of Audits regarding the Performance Audit that was

recently completed. Mr. McCarvill noted that we are in the process of answering comments derived from the audit. Mr. McCarvill said that comments include increasing the use of Ticketmaster at the Convention Center, more closely monitor third party vendors and the length of the SMG contract that we have informed the Bureau of Audits the reason for the lengthy contract and our current attempts to shorten it. Discussion ensued and Mr. McCarvill reported that each situation can be easily explained.

Mr. McCarvill also reported that we have been informed of an IRS Examination of our non-taxable bonds. Mr. McCarvill noted that our Bond Counsel will be representing us in during the examination.

Mr. McCarvill presented the financial statements in the new format. He stated that if there is anything that the Commissioners would like to have added to the statements to make them easier to read we will be happy to accommodate. Mr. McCarvill said that Ms. Bacon and the accounting staff had worked hard to put this together but there may be some areas that need improvement. Mr. McCarvill reported that for the month of February the Convention Center's net income was (\$52,451) to budget and \$141,567 to the prior year. Mr. McCarvill stated that year to date the Convention Center's net income was \$769,124 to budget and \$1,912,977 to the previous year. Mr. McCarvill stated that the Convention Center is having a good year. Mr. McCarvill continued with the Income Statement for the Dunk. He said that for the month of February the Dunkin' Donuts Center's net

income variance was \$28,563 to budget and \$121,081 to the prior year. Mr. McCarvill reported that year to date net income for the Dunk was \$178,305 to budget and (\$82,844) to the prior year. Mr. McCarvill reported that for the month of February the VETS net income variance was \$12,382 to budget and 73,430 to the prior year. Mr. McCarvill said that year to date net income for the VETS was (\$128,324) to budget and \$102,026 to the previous year. Mr. McCarvill reported that the Convention Center Authority's net income variance for the month of February was \$11,975 to budget and (\$66,522) to the prior year. Year to date net income for the Authority was \$120,661 to budget and a variance of (\$32,407) to the prior year. Mr. McCarvill stated that hotel room tax will no longer be coming to us. He said that the portion that we received in the past will go to support Commerce Corporation. Mr. McCarvill said that consolidated net income variance for the month of February was \$105,371 to budget and \$269,555 to the prior year. Consolidated net income for the year was \$939,765 to budget and a variance of \$1,900,564 to the prior year. Discussion ensued regarding the new format. Mr. Israel said that the format is already an improvement over the blue sheets. Mr. Buonanno asked if the bottom line could be highlighted so that the forecast and the budget numbers would stand out. Comments were made concerning the size of the print making the pages easier to read and the page numbers are helpful during the discussion.

Discussions continued regarding the reasons for the increase in net income. Mr. Lepore noted that parking rates increased plus we have

more parkers with the arrival of more Hasbro employees and Projo parkers. Mr. Lepore also noted the increase in food & beverage net income. He said this is due to more aggressive sales recommendations. Mr. Lepore stated that this is a tremendous year for us but warned that it will not likely carry over to next year. Mr. MacDonald noted that the economy appears to be slowly improving. Mr. Lepore stated that we are seeing fewer people at the flat shows but they are spending more. He said the boat show had several large sales.

Mr. Hirsh had some questions regarding drinks. Mr. Lepore stated that the amount of drinking stays consistent although the quality of the alcohol changes.

Mr. MacDonald asked why State Agencies are going to other facilities for their events. Mr. Lepore said that sometimes we do not have the dates that they are looking for. Mr. McCarvill noted that some of the agencies are concerned about spreading the business around and some don't want to pay rent. Mr. Buonanno said that it might be a good idea to get a list of State Agency meetings to see if we could entice them to hold their event here.

Discussion ensued regarding Enterprise. Mr. Lepore stated that they have been very cooperative and are easy to get along with. It was noted that they do wash cars and that could be contributing to the higher water bills. Mr. Lepore stated that we are looking into cleaning

up the Cardi lot behind the North Garage for employee parking and freeing up some space. A suggestion was made to audit the number of vehicles that Enterprise has in the garage at one time.

Mr. Hirsh asked where the parking will be for the new hotel when it is built. Mr. McCarvill reminded the Commissioners that the lot across for the Hilton is owned by the Proccacanti's and was originally only to be a temporary parking lot until it could be developed. Mr. McCarvill said that he expects they will use that parcel as parking for the new hotel.

Mr. Lepore reported that the NCAA was very pleased with the tournament. He noted that we were the only venue to be sold out and that on camera we were packed.

Conversation took place regarding the types of events that are a good fit for the venues. It was concluded that we should not do any more events where we lose money unless it is for a compelling reason. Ms. Israel said that we should look at our rates and charge a rate that ensures we keep quality service without lowering our standards. We have a great deal of competition with the outside. Malls, restaurants etc. compete with us but our mission is the economic impact on the area.

Mr. Hirsh asked how the P. Bruins and PC contracts are performing. He asked if we could tweak either contract to make more. Ms. Bacon

said that we do well with PC. Mr. Lepore noted that we get slightly less than St. Johns pays to play in Madison. He said we have a good contract with PC and that what we need is another tenant such as indoor soccer or arena football.

Mr. Schwartz reported that the VETS had a phenomenal February. He said that the Philharmonic is doing well and we will be increasing their rental rates for next year by 10%. Mr. Schwartz stated that the Spring will be very busy and exceed projections.

Mr. Schwartz reported that unfortunately we have been informed that the deductible portion of the insurance claim due to the pipe burst is the responsibility of the VETS. Mr. Schwartz also reported that he would like to curtain off the balcony with black drapes making for the illusion that the theater is smaller for small shows. Mr. Buonanno asked if Mr. Schwartz felt that they would break even next year. Mr. Schwartz said that he expects to lose about \$75,000 but everyone is working hard to close that gap. Mr. Schwartz noted that the theater is 40% better than it was before we took over. Mr. Leach asked if the pipe were more following the break. Mr. Schwartz said no but the heat is better.

Mr. Hirsh asked if there was any other business for the Finance Committee and O&F Committee. Hearing none he asked for a motion to adjourn. Upon a motion duly made by Mr. Israel and seconded by Mr. Buonanno it was unanimously

VOTED: to adjourn at 12:28 PM.